

NEW MARKETS TAX CREDIT (NMTC)

Providing financing for business and community facilities

NMTC Cumulative Impact through 2017:²

\$90 billion
in total financing

More than
1 million jobs created

205 million
feet of constructed or
renovated real estate
51 million square feet of
manufacturing space

827 hospitals and healthcare
facilities, serving
17.6 million patients

WHAT IS THE NMTC?

The NMTC was created in December 2000 to spur investment and the flow of capital in the country's most distressed communities. Through the NMTC, investors receive a 39 percent Federal income tax credit, taken over seven years. This credit is dependent on qualified investments being made into an eligible project. The investments in these projects are identified by Community Development Entities (CDEs). The credits are allocated to CDEs through a competitive application process managed by the CDFI Fund at the U.S. Department of the Treasury. Each dollar of federal investment in the NMTC results in eight dollars of private investment.¹

Eligible Communities

Projects located in census tracts with a poverty rate of 20 percent or more or those with a median income of no more than 80 percent of the area median income (or up to 85 percent in high migration rural counties) are eligible for NMTC investments. In 2017, 83 percent of NMTC projects were in areas exhibiting severe economic distress and 23 percent were in rural areas.

Eligible Projects

The NMTC can be used for a variety of projects based on community need. The

NMTC has financed hospitals, schools, daycare centers, apprenticeship programs, business incubators, manufacturing facilities, and other types of commercial development.

About the NMTC Reauthorization

Without Congressional action to extend it, the NMTC's current authorization will expire on December 31, 2019. Senators Roy Blunt (R-MO) and Ben Cardin (D-MD), along with Representatives Terri Sewell (D-AL) and Tom Reed (R-NY), have introduced The New Markets Tax Credit Extension Act of 2019 (S. 750/ H.R. 1680) to make the NMTC permanent. The legislation will:

- Increase the NMTC allocation to \$5 billion and index future allocations to inflation
- Provide NMTC investors with relief from the Alternative Minimum Tax
- Make the NMTC permanent

OFN strongly supports the reauthorization effort and the New Markets Tax Credit Extension Act.

About OFN

Opportunity Finance Network (OFN) is a national association of more than 260 CDFIs investing in opportunities that create affordable housing, vital community services, and entrepreneurial capital in rural, urban, and Native communities. OFN members have cumulatively provided more than \$65 billion in responsible lending to help low-income, low-wealth, and otherwise disinvested individuals and communities nationwide.

¹CDFI Fund: New Markets Tax Credit Program Fact Sheet www.cdfifund.gov/Documents/NMTC%20Fact%20Sheet_Jan2018.pdf

²NMTC Coalition: New Markets Tax Credit at Work, 2003-2018 nmtccoalition.org/wp-content/uploads/2017/10/NMTC-At-Work-Poster-update-for-press.jpg